

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 INR-07 NSAE-00 CIEP-01 FAA-00 AID-05 FRB-03

USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01

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R 071650Z DEC 76

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 8896

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E.O. 11652: N/A

TAGS: EAIR, BTIO, BF

SUBJ: FAREWELL CALL ON MINISTER OF TOURISM CLEMENT T. MAYNARD

1. IN THE COURSE OF OUR DISCUSSION, THE MINISTER ASKED ABOUT THE STATUS OF THE AMERICAN AIRLINE REQUEST. I INDICATED WE HAD NO FURTHER WORD FROM THE CAB. HE REPEATED TO ME WHAT HE HAS SAID ON PREVIOUS OCCASIONS, NAMELY, THAT THIS IS A MATTER OF CONSIDERABLE IMPORTANCE TO THE GOVERNMENT.

2. I ASKED THE MINISTER THE STATUS OF THE EL AL REQUEST FOR LANDING RIGHTS IN NASSAU. HE INDICATED THAT THE MATTER WAS STILL UNDER CONSIDERATION AND EXPECTED THAT A DECISION WOULD BE MADE WITHIN A WEEK OR TWO. HE CONFESSED THAT IT WAS AN AWKWARD PROBLEM FOR HIM. (COMMENT: IN THE CONTEXT OF THE DISCUSSION IT WAS CLEAR THAT PART OF THE AWKWARDNESS WAS DUE TO THE FACT THAT MAYNARD'S SON IS A LAW PARTNER OF MR. RALPH SELIGMAN, THE ISRAELI HONORARY CONSUL, WHO HAS BEEN VERY ACTIVE IN PUSHING THE EL AL PROPOSAL.) HE WENT ON TO SAY THAT HE IS VERY MUCH CONCERNED OVER THE SECURITY PROBLEMS, COMMENTING THAT HE "WOULD NOT WANT TO RISK LOSING AN AMERICAN AIRLINE" AS A RESULT OF A TERRORIST INCIDENT. I SAID THAT, AS HE KNEW, WE WERE VERY MUCH INTERESTED IN BEING KEPT INFORMED AS TO THE GOVERNMENT'S THINKING ON THE EL AL REQUEST. WHILE WE WOULD NOT WISH TO EXPRESS AN OPINION ON A MATTER WHICH WAS ENTIRELY BETWEEN THE GCOB AND THE ISRAELI FLAG CARRIER, BECAUSE OF THE SECURITY ISSUES WHICH ARE POSED, IT WAS IMPORT-
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ANT FOR US TO KNOW HOW THE GCOB WAS EVENTUALLY GOING TO COME

OUT.

3. THE MINISTER EXPRESSED CONCERN OVER THE NEW U.S. TAX LAWS EFFECT ON THE BAHAMIAN GOVERNMENT BUSINESS. I NOTED THAT WE HAD RECEIVED CONSIDERABLE COMMENT FROM LOCAL BUSINESS INTERESTS, BUT HAD NOT RECEIVED ANY OFFICIAL COMMENT FROM THE GOVERNMENT. MINISTER MAYNARD SAID THAT A COMMUNICATION WAS NOW IN PREPARATION EXPLAINING THE NATURE OF THE PROBLEM AS SEEN FROM THE POINT OF VIEW OF THE GOVERNMENT. WE COULD EXPECT TO RECEIVE THAT COMMUNICATION SHORTLY.

4. MINISTER MAYNARD COMMENTED ON THE RELATIONSHIP BETWEEN THE MULTI-MILLION DOLLAR CONVENTION COMPLEX AND THE POSSIBILITY THAT THE NEW U.S. TAX LAW WOULD SUBSTANTIALLY REDUCE CONVENTION BUSINESS. HE IMPLIED THAT IT COULD HAVE SOME BEARING ON WHETHER IN FACT THE GCOB WENT FORWARD WITH THE CONVENTION COMPLEX. (COMMENT: WHILE HE IS ENTIRELY CORRECT IN STATING THAT THIS COULD BE A SERIOUS PROBLEM FOR THE BAHAMAS, MY OWN VIEW IS THAT THE GOVERNMENT IS SO FAR COMMITTED TO THE DEVELOPMENT OF THE CONVENTION COMPLEX THAT IT WOULD BE DIFFICULT, ESPECIALLY IN THIS ELECTION YEAR, FOR THEM TO CLIMB DOWN ON THIS ISSUE. ON THE OTHER HAND, IF THE GOVERNMENT IS RUNNING INTO SOME DIFFICULTY IN OTHERWISE HANDLING THE DEVELOPMENT OF THE COMPLEX, IT IS NOT IMPOSSIBLE THAT THEY MIGHT USE THE TAX LAW AS A CONVENIENT WAY TO POST-PONE, AT LEAST TEMPORARILY, MOVING FORWARD WITH THE PROJECT.) THE MINISTER, IN RESPONSE TO MY QUESTION, SAID THAT THE GOVERNMENT HAD NOT YET MADE A DECISION ON HOW TO HANDLE EITHER THE CONSTRUCTION OR THE MANAGEMENT OF THE CONVENTION COMPLEX. HE IMPLIED THAT, WHILE THEY HAD NARROWED DOWN THEIR CONSIDERATION OF APPLICANTS FOR CONSTRUCTION AND FOR MANAGEMENT TO A LIMITED NUMBER OF FIRMS, THEY WERE NOT ENTIRELY SATISFIED EVEN WITH THESE. I INDICATED THAT IF THE GOVERNMENT WOULD LIKE TO HAVE ADDITIONAL AMERICAN FIRMS EXPLICITLY BID ON THE CONSTRUCTION AND ON THE SUBSEQUENT MANAGEMENT OF THE HOTELS AND THE CONVENTION CENTER, HE SHOULD LET THE EMBASSY KNOW AND WE WOULD SEE THAT THAT INFORMATION WAS PASSED TO APPROPRIATE U.S. SOURCES.

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